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R 220613Z DEC 06  
FM AMEMBASSY COTONOU  
TO RUEHC/SECSTATE WASHDC 9104  
INFO RUEHRC/USDA FAS WASHDC  
RUEHDK/AMEMBASSY DAKAR 1303  
RUEHAR/AMEMBASSY ACCRA 1352  
RUEHZK/ECOWAS COLLECTIVE

UNCLAS SECTION 01 OF 02 COTONOU 001229

SIPDIS

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DEPT FOR AF/W:DBANKS AND AF/EPS:TLERSTEN  
DEPT PASS TO USTR:LAGAMA  
FAS USDA FOR FAS/FAA:HAGER, FAS/OCRA:DIABY, FAS/OCBD:EVANS, SMITH,  
RUBAS  
AMEMBASSY DAKAR FOR FAS HANSONR  
AMEMBASSY ACCRA FOR AID KNIGHTM, BOTTERBERGH

E.O.12958: N/A

TAGS: EAGR EAID BN

SUBJECT: REGIONAL AGRICULTURE ATTACHE VISIT TO BENIN/GOB PLEA FOR  
ASSISTANCE WITH AGRICULTURAL INPUTS

REF: COTONOU 1187 AND PREVIOUS

¶11. Summary: This is an Action Request - please see para 6. Regional Agriculture Attache Robert Hanson traveled to Cotonou Dec 17-20 and met with Embassy Staff, newly-appointed Minister of Agriculture Dovonou, the Permanent Secretary of the Interprofessional Cotton Association, the West Africa Rice Research Center, and Catholic Relief Services. Ag Attache conducted a preliminary round of Cochran Fellowship program interviews. Ag Attache also traveled to Bohicon to visit a SONAPRA (state owned) and a private ginning facility. The visit provided valuable insights into key issues involving the organizational structure of the cotton sector and some of the current problems faced by the sector. Seed cotton production for the coming harvest is currently estimated at 300,000 MT. The day after the visit, the GOB sent a Dip Note repeating a request for US support on agricultural inputs. End Summary.

COTTON REPORT

¶12. The newly appointed Minister of Agriculture is enthusiastic and eager to become more engaged in strategic and development activities in the cotton sector. The government recently called for a review of the tendering process for fertilizer and pesticide inputs. The government also recently set the farmer seed cotton price and in doing so also lowered the level of support that the Interprofessional Cotton Association (AIC) would receive to 5 CFA per kilo from 20 CFA per kilo. Some sources indicated that the remaining state-owned gins (SONAPRA) would be privatized after the 2006/07 campaign. The Minister and his staff were quick to nominate new candidates for the Cochran Fellowship cotton program. Candidates proposed are active in research and extension work.

¶13. The Permanent Secretary and staff of the Interprofessional Cotton Association (AIC) provided a comprehensive overview of Benin's privatization process and some of the current problems still faced by the sector. The sector faces perpetual financial difficulties caused in part by rising input prices, high transportation costs, high energy costs, exchange rate fluctuations and low world cotton prices. Logistical problems include late procurement of inputs, distribution problems and diversion of fertilizer to food crops. In the current year sufficient quantities of a key pesticide were not procured and farmers were reluctant to use a substitute due to previous experiences. AIC also made a plea to be able to nominate candidates for the Cochran Fellowship program, noting that as private sector representatives, they should play a greater role in future training and development programs.

14. Benin's ginning capacity is just short of 600,000 MT. With production currently forecast at 300,000 MT, AIC will allocate quotas to the various mills at approximately fifty percent of their capacity. Once a mill receives a quota, it is required to pay 40 percent of the cost, which will be used in the procurement of inputs for the next campaign. Considering that some mills are in financial difficulty, and some have a bad track record with respect to working with the AIC, the quota allocation process is likely to be somewhat more complicated than it appears. Cotton ginning should begin in the next couple weeks. Cotton has already begun to be harvested and is being weighed in the villages before being delivered to the gins.

15. COMMENT: The Benin cotton sector is distinct from the other C-4 countries to the extent that it is privatized. The AIC -- which represents the producers, ginners (both public and private) as well as the input distributors -- considers itself to be a private sector entity. While Benin's cotton sector has more private sector components than other C-4 countries, the linkages and balance between the public and private players has lead to many of the well-documented problems faced by the sector. The government and Ministry of Agriculture, which is represented in the AIC via SONAPRA, the state-owned ginner, appears to be prepared to again play a stronger role in the sector. The US-funded West African Cotton Improvement Program (WACIP), which is just becoming operational, offers great potential to address numerous inefficiencies in the sector, but will have to work delicately with all the players to ensure that the program is well received and can have maximum impact. END COMMENT.

16. ADDENDUM AND ACTION REQUEST: The day after the Ag Attaché's visit, on December 21, the Embassy received a Dip Note from the GoB on cotton. The note recalled a working meeting between the Beninese

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and US delegations on the margins of the June 30-July 1 Commercial Negotiations Committee of the WTO. The GoB's note says "the US delegation promised to study the possibility of providing support for agricultural inputs, particularly to the four countries, including Benin, of the Sectoral Initiative, while awaiting for solutions to be found at the level of the commercial aspects of the cotton dossier." The GoB note goes on to ask for a favorable outcome of this study, to aid the GoB in making the next cotton season a success. ACTION REQUEST: Post would appreciate Washington guidance on whether any support for agricultural inputs is being considered. END ADDENDUM AND ACTION REQUEST.

RICE AND FOOD AID ISSUES

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17. A visit to the Africa Rice Center (WARDA) revealed an impressive research center that has worked to develop a high-yield and resistant variety of rice - NERICA, or New Rice for Africa - that has wide potential in Subsaharan Africa. A return visit by the Ag Attaché will be planned to coordinate how the research center might collaborate with USDA and other donors on regional food security, agriculture development and commercial activities.

18. Catholic Relief Services (CRS) will begin implementing a McGovern-Dole Food for Education (FFE) program once commodities arrive some time in January 2007. CRS is phasing out its Title II programs. The USDA program will provide meals and take home rations for two years, at which time parents and faculty should begin providing food for the schools. This model has been used by CRS in their Title II program.

HOLTZAPPLE